

E Environment Committee
Meeting date: December 11, 2012
For the Council Meeting of December 19, 2012

ADVISORY INFORMATION	
Date:	December 5, 2012
Subject:	Authorization to Negotiate for Power Purchase Agreement and Land Lease for Solar Energy at the Blue Lake WWTP, and Apply for and Enter into Grant Agreement for the Project
District(s), Member(s):	All
Policy/Legal Reference:	Council Policies: 3-3 Expenditures – Procurement of Goods and Services Over \$250,000; 1-2 Sustainability; and 3-2-2 Income Grants
Staff Prepared/Presented:	Jason Willett 651-602-1196; Rich Halsted 651-602-1038
Division/Department:	MCES/Finance & CPU

Proposed Action

That the Metropolitan Council authorize the Regional Administrator or his designee to: 1) negotiate a Power Purchase Agreement (PPA) and land lease with Oak Leaf Energy Partners, to provide electricity from solar facilities at the Blue Lake Wastewater Treatment Plant, with approval to execute the contract subject to additional Council action, and 2) apply for and enter into grant(s) to provide financial support for the solar energy purchase sufficient to meet the economic feasibility criteria in the Council's sustainability policy.

Background

The Council solicited proposals from contractors for a 25-year (plus possible extension) contract with private parties to design, build, own and operate a solar facility on the Blue Lake plant site. The electricity to be purchased will normally be entirely consumed by the plant. Six proposals were received; Oak Leaf was the least expensive and also their proposal was judged well on quality of proposal and experience of the vendor.

The vendor is required to hold open their bid for 12 months so the vendor and MCES can jointly pursue additional funding to make the project "economically feasible." Buyout options were also provided and will be included in the PPA; should the facility perform well it may be in Council's economic interest to buy the facility from Oak Leaf.

The Renewable Development Fund has filed with the Public Utilities Commission to enter a grant round opening around the beginning of 2013 and the project is expected to qualify. Other funding opportunities are also expected to be discussed with Oak Leaf.

This motion does not ask for authority to execute the Power Purchase Agreement so that once the financial matters are decided the Council will get another chance to discuss it and take final action.

Rationale

With a small amount of additional funding, the electricity of this project's lifecycle is estimated to cost the same or less on a present value basis as buying power from Xcel Energy. Moreover the solar power provides substantial environmental and societal benefits, and it reduces the uncertainty in a portion of our energy costs.

Funding

The PPA proposal is a flat \$/kWh of electricity delivered over the term of the contract, so it will cost more in the initial years and less in the later years. This will be included in MCES budgets.

Known Support / Opposition

None